

**Proposed Resolutions of the Board of Directors of**  
**EMPLOYERS INSURANCE OF WAUSAU A Mutual Company**  
**(the "Company")**

**September 14, 2000**

WHEREAS, the Board of Directors reviewed and considered the Mutual Holding Company Plan, attached hereto as Exhibit A, including all exhibits and attachments thereto as well as the draft Policyholder Information Statement relating to the Mutual Holding Company Plan, dated September 1, 2000.

WHEREAS, the Mutual Holding Company Plan provides that: (1) the Company will form Employers Insurance of Wausau Mutual Holding Company ("EIOW MHC"), a Wisconsin mutual holding company; (2) the Company will convert into Employers Insurance Company of Wausau, a Wisconsin stock property and casualty insurance company ("Converted EIOW"); (3) EIOW MHC will be issued 100% of the initial shares of voting stock of Converted EIOW; and (4) all equity rights of members in the Company will be extinguished and replaced with equity rights in EIOW MHC ((1) through (4), inclusive, the "Restructuring").

WHEREAS, it is anticipated that the Company's Mutual Holding Company Plan, if consummated, will be one of a series of transactions (the "Global Transaction") that will result in the Company and one or both of its affiliates, specifically, Liberty Mutual Insurance Company ("LMIC"), a Massachusetts mutual property and casualty insurance company, and Liberty Mutual Fire Insurance Company ("LMFIC"), a Massachusetts mutual property and casualty insurance company (EIOW, LMIC and LMFIC collectively, the "Liberty Companies"), all reorganizing to stock insurance companies under the common ownership of Liberty Mutual Holding Company ("Liberty Mutual Holding Company"), a Massachusetts mutual holding company, with the policyholders of Converted EIOW, Reorganized LMIC and Reorganized LMFIC (as such terms are defined in the Policyholder Information Statement) becoming members of and having equity rights in Liberty Mutual Holding Company.

WHEREAS, the Board of Directors considered various strategic alternatives before concluding that the Restructuring is fair and equitable to policyholders and expected to benefit policyholders. The Board was assisted in this process by Credit

Suisse First Boston Corporation who was retained by management to act as the Board's financial advisor.

WHEREAS, the Company is required pursuant to the insurance laws of Wisconsin (the "Wisconsin Insurance Code") to file the Mutual Holding Company Plan and related documents for approval with the Office of the Commissioner of Insurance for the State of Wisconsin (the "Commissioner") and is also required to make such other filings with governmental entities which may be necessary to consummate the Mutual Holding Company Plan (collectively, the "Regulatory Filings") to effect the Restructuring.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors has determined that the Mutual Holding Company Plan is fair and equitable to policyholders and expected to benefit policyholders for the following reasons and purposes: (1) it is the initial step in a series of transactions to align the legal structure of the Liberty Companies with their existing operating and economic structures; (2) it provides for greater capital flexibility while at the same time preserving mutuality, which the Board of Directors has concluded is important for the Company in order to preserve the Company's ability to maintain its long-term business focus for the benefit of both current and future policyholders; and (3) it will allow the Company, as part of a single, integrated insurance enterprise, to respond rapidly and more effectively to changes in the insurance and financial services industries by providing greater strategic, operating and financial flexibility.

RESOLVED, that the Mutual Holding Company Plan, and the transactions contemplated thereby, be and they hereby are, authorized, approved and adopted in all respects, and that the officers of the Company be, and each of them individually hereby is, authorized and directed, in the name and on behalf of the Company, to (1) execute the Mutual Holding Company Plan and any other agreements, certificates, instruments and documents as may be required in connection therewith, (2) perform the obligations and carry out the duties of the Company under the Mutual Holding Company Plan and under such other agreements, certificates, instruments and documents required in connection therewith and (3) take such other action as may be contemplated by the Mutual Holding Company Plan.

RESOLVED, that September 14, 2000 is the record date established by the Board of Directors for purposes of determining the policyholders eligible to vote on the Mutual Holding Company Plan.

RESOLVED, that the Policyholder Information Statement, substantially in draft dated September 1, 2000, is approved and adopted in all respects, with such other changes and amendments as are consistent with the Mutual Holding Company Plan that may be made by the officers of the Company.

RESOLVED, that the Mutual Holding Company Plan, and the Policyholder Information Statement, together with all other relevant documents, be submitted to the Commissioner for her approval, and that all other Regulatory Filings be made on behalf of the Company with the appropriate governmental entities.

RESOLVED, that, subject to approval of the Mutual Holding Company Plan by the Commissioner, the Board of Directors of the Company recommends to the policyholders of the Company that they approve the Mutual Holding Company Plan at a special meeting to be called for such purpose.

RESOLVED, that the Board of Directors believes that the transactions which comprise the Global Transaction (namely, the Reorganization and Combination Agreement and the MHC Merger Agreement, as such terms are defined in the Policyholder Information Statement) are fair and equitable to the Company's policyholders, expected to benefit the Company's policyholders as well as being in the best interests of the Company and its policyholders and should therefore be pursued once the Mutual Holding Company Plan has been implemented.

RESOLVED, that the Company form Employers Insurance of Wausau Mutual Holding Company, a Wisconsin mutual holding company, and appoint the Board of Directors and officers of Employers Insurance of Wausau Mutual Holding Company as set forth in, and contemplated by, the Mutual Holding Company Plan.

RESOLVED, that the Articles of Incorporation and Bylaws of Employers Insurance of Wausau Mutual Holding Company in the form set forth in the Mutual Holding Company Plan are approved, effective as of the date contemplated in the Mutual Holding Company Plan.

RESOLVED, that upon approval of the Mutual Holding Company Plan by vote of the eligible policyholders of the Company, each of the appropriate officers of the Company individually is authorized and directed, in the name and on behalf of the Company, (1) to execute and file with the Commissioner appropriate instruments to effect such Articles of Incorporation and Bylaws of Employers Insurance of Wausau Mutual Holding Company and (2) to execute and deliver such further

agreements, certificates, instruments and documents which may be required pursuant to the Wisconsin Insurance Code.

RESOLVED, that the Board of Directors finds it desirable, as part of the Mutual Holding Company Plan, that the Articles of Incorporation of the Company be amended and restated in the form set forth in the Mutual Holding Company Plan (the "Amended and Restated Articles of Incorporation") and the Bylaws of the Company be amended and restated in the form set forth in the Mutual Holding Company Plan (the "Amended and Restated Bylaws"), effective as of the date contemplated in the Mutual Holding Company Plan.

RESOLVED, that the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws are hereby approved, effective as of the date contemplated in the Mutual Holding Company Plan.

RESOLVED, that upon approval by the policyholders of the Mutual Holding Company Plan, any officer of the Company is authorized and directed, in the name and on behalf of the Company, (1) to execute and file with the Commissioner the Amended and Restated Articles of Incorporation and the Amended and Restated Bylaws and (2) to execute and deliver such further agreements, certificates, instruments and documents which may be required pursuant to the Wisconsin Insurance Code.

RESOLVED, that each of the officers of the Company individually is authorized and empowered to prepare, execute and deliver, in the name and on behalf of the Company, the Regulatory Filings, consistent with the Mutual Holding Company Plan.

RESOLVED, that any officer of the Company individually is authorized and directed in the name and on behalf of the Company, to (1) take or cause to be taken any and all such further actions and to prepare, execute and deliver or cause to be prepared, executed and delivered, and where necessary or appropriate, file or cause to be filed, all such other instruments and documents, including, but not limited to, all certificates, contracts, bonds, agreements, documents, instruments, receipts or other papers, (2) incur and pay or cause to be paid all fees and expenses and (3) engage such persons as they shall in their judgment determine to be necessary or appropriate to carry out fully the intent and purposes of the foregoing resolutions and each of the transactions contemplated thereby.